Kroger-Albertsons grocery chain merger in US threatens job cuts as Wall Street eyes payday

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Work at Kroger or Albertsons? Tell us what you think about the merger and what conditions are like at your workplace. All submissions will be kept anonymous.

The proposed $25 billion merger of Kroger and Albertsons, two of the largest grocery store chains in the United States, threatens potentially thousands of jobs. The merger is still up for review by regulators and there are legal challenges against it, but should it be approved, it will be a boon for large investors and a bloodbath for workers. With a purchase of Albertsons, Kroger will take control of nearly 5,000 grocery store locations in 35 states around the country with more than 700,000 employees.

Kroger's argument in favor of the merger is that it will improve efficiency and lower prices, as well as enable chains of traditional grocery stores to compete with the rapid rise of Amazon as a major player in grocery sales. Amazon is predicted to reach more than $40 billion in grocery sales by 2024.

But with an increase in "efficiency"—that is, profit margins—also comes an increase in redundancy. In many parts of the country, Kroger brands like King Soopers and Fry's compete directly with Albertsons brands like Safeway and Vons.

Kroger and Albertsons have said they will sell off several hundred stores to abide by antitrust legislation. These stores will most likely be ones in overlapping areas where the two chains have competing stores. Albertsons did the same thing with 150 stores when it bought rival grocery chain Safeway, divesting those stores into a spin-off chain called Haggen. After less than a year, every one of those stores went bankrupt and closed down.

There are strong financial interests behind the sale of Albertsons that are driving the response to the proposed merger.

Roughly 70 percent of Albertsons stock is owned by the investment firm Cerberus Capital Management. With a portfolio worth $60 billion, Cerberus is one of the largest financial firms in the United States with ties to major banks and industries around the world. Cerberus is a notorious corporate raider. One of its better-known ventures is its purchase of an 80 percent share in Chrysler from Daimler in 2007, which it later sold to Fiat after the Obama administration's bailout of the industry, which was tied to massive cuts to wages (Fiat-Chrysler later merged with French automaker Peugeot to form Stellantis in 2021).

Cerberus was co-founded by Steve Feinberg, a billionaire and close ally of Donald Trump whose financial support for the former president almost earned him a presidential appointment as a top intelligence official. Feinberg brought in Don Quayle, former vice president under George Bush Sr., as head of global operations, and John Snow, former secretary of the treasury under George Bush Jr., as chairman. This cast of former top government officials grants Cerberus close ties to top industry, finance and government sectors.

Snow is a particularly well-connected member of Cerberus' board, having served in the federal government with then-Labor Secretary Elaine Chao, who is the wife of Republican Senate Leader Mitch McConnell and a member of Kroger's board of directors. He also was CEO of the railroad CSX during the 1980s and 1990s, where he implemented a policy of deferring the maintenance of railroad tracks, increasing profits but causing the rail lines to fall into disrepair.

Cerberus has held a stake in Albertsons for 17 years and now controls 73 percent of Albertsons stock when it financed the purchase of Safeway with $9 billion. If Cerberus sells all of its shares in Albertsons, it would take nearly $19 billion from the sale.

Federal Trade Commission (FTC) regulators are reviewing the proposed merger. However, they are not taking the typical measures of analyzing geography and competition to determine how the merger would affect local markets. Instead, the FTC is reportedly interviewing retailers and wholesalers for their views on the merger and are investigating data on product sourcing, shopper data and labor market trends in their decision-making on the merger. This somewhat unusual review suggests the FTC is more concerned with the broader economic impact of the merger than the general concerns over "competition."

The union bureaucrats at both companies, meanwhile, are concerned solely with maintaining access to their incomes and privileges, regardless of how many jobs are slashed. The Teamsters bureaucracy has issued only few tersely worded statements, not even expressing pro forma opposition to the merger while advising both companies that "the only pathway to success for Kroger and Albertsons is through continued work with the Teamsters and organized labor." The United Food and Commercial Workers Union has done little better, issuing only toothless statements opposing the merger.

Both bureaucracies have shown they are more than willing to give up one concession after another. In early 2022, the UFCW shut down a strike by King Soopers workers in Denver, Colorado, and rammed through a contract with wages only slightly above the city minimum wage. That April, the UFCW rammed through a deal to avert a strike at Albertsons in California which huge majorities had voted to authorize.

Darryl, an Albertsons warehouse worker in California, told the WSWS that when Safeway merged with Albertsons the company closed some warehouses and moved their work to the warehouse in Irvine. If the merger goes through, he predicted, "they're [Kroger] not gonna absorb all of us because they don't need all of us.

"There are gonna be job cuts. Especially the stores. They're just gonna cull the stores, they'll be gone."

Darryl's biggest concern was about automation in the warehouses. He noted that Albertsons and Kroger have been deploying machines that can fill warehouse orders. While they are still slower than a worker, he said that management didn't care as long as it got the work done and was cheaper than human labor. "At the end of the day, if the merger never happens, Cerberus [owner of Albertsons] is going to sell no matter what. There will be way more jobs lost from this than the merger."

Despite the threat to jobs, Darryl said the Teamsters had no plan to oppose job cuts or the merger. He said a union official simply asserted to him that there would be no job cuts. "He said, 'That's what everyone is telling me,' but I don't buy it. They just don't want people to panic.

"[Teamsters President] Sean O'Brien said he's against the merger but what does he have planned? He says he's against it? That's not good enough. You go down to your union hall and your union guys don't care. I've been through six administrations and it's all the same. Whatever union, whatever store, we got the same 50 cents. The union just said sign it and shut up. They [Albertsons] could close down the store now and the union wouldn't do anything."

A significant role is being played by the Teamsters for a Democratic Union, an erstwhile "reform" caucus which played a key role in O'Brien's election campaign for general president. O'Brien himself was known as a notorious thug and top ally of previous General President James Hoffa out of Boston, and was even briefly suspended a decade ago for threatening TDU candidates. But in exchange for their support, many TDU leaders now occupy top posts in the leadership of the union.

"O'Brien has also not spent any resources into stopping Kroger from buying Albertsons," one Teamster said. "The merger will shut down Teamster warehouses and UFCW stores … but O'Brien hasn't spent a penny. But TDU won't publish anything in fear of being cut from the $30k they are receiving from the IBT per year to become their cheerleader."

Opposition to the merger and impending layoffs cannot be left in the hands of the bureaucracy. That requires the joint mobilization of Albertsons and Kroger workers themselves, both in the Teamsters, the UFCW and non-union, across the country, independent of the corrupt apparatus. This must be organized through the formation of rank-and-file committees, democratically controlled by workers and fighting for what workers need, not what the companies are prepared to give.